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Message Text

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44
ACTION EUR-25

INFO OCT-01 ADP-00 EURE-00 SSO-00 NSCE-00 USIE-00 INRE-00

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SS-15 EB-11 COME-00 INT-08 SCEM-02

OMB-01 TRSE-00 SCI-06 CEQ-02 EPA-04 FPC-01 RSR-01

/115 W
---------- 129122
O 191437Z JUL 73
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC IMMEDIATE 1355

UNCLAS SECTION 1 OF 2 OTTAWA 1655

E.O. 11652: N/A
TAGS: ENRG, CA, US
SUBJECT: GLOBE & MAIL REPORT ON ALLEGED OTTAWA "OVERSIGHT" RE
OIL PIPELINE

1. FOLLOWING IS TEXT OF JEFF CARRUTHERS' ARTICLE IN
GLOBE & MAIL JULY 19 DATELINE OTTAWA. STORY APPEARS
FRONT PAGE UNDER HEADLINE "OTTAWA 'OVERSIGHT' MAY HAVE
CONTRIBUTED TO U.S. CHOICE OF ALASKA PIPELINE ROUTE."
"A CANADIAN OVERSIGHT LAST MONTH MAY HAVE
CONTRIBUTED TO THE U.S. SENATE'S GIVING THE GO-AHEAD
TO THE TRANS-ALASKA PIPELINE SYSTEM, A PROJECT CANADA
OPPOSES.

" THE U.S. SENATORS DISCOVERED SEVERAL WEEKS TOO
LATE, ACCORDING TO OBSERVERS IN WASHINGTON, THAT
CANADA WOULD NOT REQUIRE 51 PER CENT OWNERSHIP AND
CONTROL OF ANY OIL PIPELINE ACROSS CANADA CARRYING
ALASKAN OIL TO CENTRAL U.S. MARKETS. THE 51 PERCENT
CONTROL BY CANADA PREVIOUSLY WOULD APPLY ONLY TO A GAS
PIPELINE ALONG THE MACKENZIE VALLEY.

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"FEDERAL OFFICIALS IN OTTAWA AND THE WASHINGTON

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OBSERVERS SUGGESTED YESTERDAY THAT HAD THE U.S. SENATORS HAD KNOWLEDGE OF THIS CANADIAN POSITION SEVERAL WEEKS EARLIER IT COULD HAVE MADE A BIG--AND FOR CANADA SIGNIFICANT--DIFFERENCE IN THE OUTCOME OF THE SENATE DEBATE ON TAPS THAT FINISHED THIS WEEK.

"ON TUESDAY, THE U.S. SENATE PASSED AN AMENDMENT (WITH VICE-PRESIDENT SPIRO AGNEW BREAKING A TIE) BLOCKING ALL FURTHER ATTEMPTS BY U.S. ENVIRONMENTALISTS TO CAHLLENGE CONSTRUCTION OF TAPS IN THE COURTS.

"LATER, THE SENATE PASSED A BILL GRANTING THE RIGHT-OF-WAY ACROSS U.S. PUBLIC LANDS FOR TAPS.

"IF THE U.S. HOUSE OF REPRESENTATIVES SUPPORTS THE SENATE, THE ACTION WOULD EFFECTIVELY ELIMINATE ANY CHANCE OF THE U.S. PURSUING AN ALTERNATE ROUTE THROUGH CANADA, ALONG THE MACKENZIE VALLEY. IT WOULD ALSO MEAN THAT TANKERS WILL TRANSPORT ALASKA OIL DOWN CANADA'S WEST COAST.

"CANADIAN GOVERNMENT OFFICIALS SAY THE CANADIAN OVERSIGHT OCCURRED LATE LAST MONTH, WHEN CANADA PREPARED ANSWERS TO A SET OF U.S. QUESTIONS ON CANADIAN POLICIES AND CIRCUMSTANCES SURROUNDING POSSIBLE OIL AND GAS PIPELINES ALONG THE MACKENZIE VALLEY.

"THE QUESTIONS WERE PREPARED BY THE U.S. STATE DEPARTMENT AND SENT TO THE CANADIAN GOVERNMENT VIA THE U.S. EMBASSY IN OTTAWA.

"YESTERDAY, FEDERAL OFFICIALS AND EXTERNAL AFFAIRS MINISTER MITCHELL SHARP CONFIRMED THAT ONE OF THE ANSWERS CANADA SENT BACK TO THE STATE DEPARTMENT VIA THE U.S. EMBASSY ON JUNE 27 WAS CHANGED EARLY IN JULY.

"AS A RESULT OF A NUMBER OF CIRCUMSTANCES, THAT CHANGE IN CANADA'S OFFICIAL POSITION ON OWNERSHIP AND CONTROL OF ANY MACKENZIE VALLEYOIL PIPELINE DID NOT
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GET TO THE U.S. STATE DEPARTMENT THROUGH OFFICIAL CHANNELS UNTL JULY 16, ALMOST TWO WEEKS AFTER THE MODIFIED SET OF ANSWERS WAS RELEASED TO THE PRESS IN CANADA, WITHOUT ANY NOTATION THAT IT WAS DIFFERENT FROM WHAT HAD BEEN SENT TO THE UNITED STATES 10 DAYS PREVIOUSLY.

"MR. SHARP EXPLAINED OUTSIDE THE COMMONS THAT

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THE CHANGE IN THE ANSWER WAS MADE AFTER CANADIAN OFFICIALS 'LOOKED AT THE ANSWER AND REALIZED IT WAS AMBIGUOUS.'

"THE QUESTION ASKED BY THE STATE DEPARTMENT HAD BEEN: 'WHAT IS THE CANADIAN GOVERNMENT'S POSITION LIKELY TO BE WITH REGARD TO OWNERSHIP AND CONTROL?'

"THE ORIGINAL ANSWER SENT TO THE STATE DEPARTMENT VIA THE U.S. EMBASSY IN OTTAWA ON JUNE 27 WAS: 'SPEAKING TO THIS POINT IN THE HOUSE OF COMMONS ON MAY 22, 1973, MINISTER MACDONALD (ENERGY MINISTER DONALD MACDONALD) SAID, 'MR. SPEAKER, I HAVE INDICATED THAT THE OBJECTIVE OF THE GOVERNMENT WOULD BE TO GIVE AN OPPORTUNITY TO CANADIANS TO ACQUIRE 51 PER CENT OWNERSHIP IN ANY SUCH PIPELINE AND THE EXPECTATION THAT IT WOULD REMAIN UNDER CANADIAN CONTROL.'

" 'IN ADDITION, ALL INTERPROVINCIAL AND INTERNATIONAL PIPELINES ARE UNDER NATIONAL ENERGY BOARD CONTROL.'

"FEDERAL OFFICIALS ADMITTED YESTERDAY THAT AMERICANS READING SUCH AN ANSWER WOULD UNDOUBTEDLY ASSUME THAT THE 51 PER CENT POLICY WOULD APPLY TO BOTH A GAS AND AN OIL PIPELINE. OBSERVERS IN WASHINGTON SAID YESTERDAY THAT IN FACT THIS WAS THE WAY THE ANSWER WAS INTERPRETED, TO THE DETRIMENT OF THE MACKENZIE VALLEY OIL PIPELINE WHICH WAS CONSIDERED AND ALTERNATIVE TO TAPS.

"TO MAKE THE POSITION CLEARER, CANADA ADDED THE PHRASE 'IN CONNECTION WITH A GAS PIPELINE' TO
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THE PREAMBLE TO THE COMMONS QUOTE FROM MR. MACDONALD. ONE FEDERAL ENERGY OFFICIAL EXPLAINED THAT THIS WAS IN FACT THE PROPER CONTEXT OF THE MINISTER'S REMARKS.

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/115 W

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O 191437Z JUL 73
FM AMEMBASSY OTTAWA
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UNCLAS SECTION 2 OF 2 OTTAWA 1655

"MORE IMPORTANT, CANADA ALSO ADDED THE FOLLOWING TO ITS ANSWER: 'IN CONNECTION WITH AN OIL PIPELINE WHICH MIGHT TAKE U.S. OIL TO U.S. MARKETS USING CANADA AS A QUOTE LAND BRIDGE, UNQOUTE IT WOULD NOT BE ITS POLICY TO REQUIRE MAJORITY CANADIAN OWNERSHIP. HOWEVER, AS CANADIAN OIL BECOMES AVAILABLE IT WOULD BE EXPECTED THAT THE PIPELINE WOULD BE EXPANDED TO ACCEPT SUCH OIL.'

"MR. SHARP AND A NUMBER OF FEDERAL ENERGY OFFICIALS (INCLUDING G. M. MACNABB, ASSISTANT DEPUTY MINISTER FOR ENERGY DEVELOPMENT IN THE DEPARTMENT OF ENERGY, MINES AND RESOURCES) SAID YESTERDAY THAT THIS STATEMENT REPRESENTED THE FIRST TIME CANADA HAD STATED THIS POSITION EXPLICITLY AND PUBLICLY.

"ONE SENIOR FEDERAL OFFICIAL EXPLAINED THAT 'IF I WERE A U.S. SENATOR, I WOULD FEEL THAT THIS WAS A VERY SIGNIFICANT CHANGE.'

"NO FEDERAL OFICIALS INTERVIEWED YESTERDAY WOULD SAY EXACTLY WHEN THE CHANGE WAS MADE. THEY DID
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SAY IT WAS 'ABOUT JULY 6,' THE DAY THE QUESTIONS AND ANSWERS WERE RELEASED TO THE PRESS IN OTTAWA.

"THE PRESS WAS GIVEN THE 'MODIFIED VERSION,' THOUGHT NO MENTION WAS MADE EITHER ON THE DOCUMENT OR BY FEDERAL OFFICIALS AT THE TIME THAT THE ANSWERS

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CONTAINED IN THE FIVE-PAGE DOCUMENT WERE DIFFERENT FROM THOSE FORWARDED TO THE STATE DEPARTMENT VIA THE U.S. EMBASSY ON JUNE 27.

"ON JULY 6, THE DAY THE DOCUMENT WAS RELEASED TO THE PRESS AFTER QUESTIONS IN THE COMMONS,THE FEDERAL GOVERNMENT INSTRUCTED ITS EMBASSY IN WASHINGTON TO POINT OUT TO THE U.S. STATE DEPARTMENT THAT A CHANGE IN THE ONE ANSWER HAD BEEN MADE AND RELEASED PUBLICLY.

"CANADIAN OFFICIALS SAY THE TEXT OF THE CHANGE WAS READ OVER THE PHONE IN WASHINGTON TO STATE DEPARTMENT OFFICIALS.

" A U.S. EMBASSY SPOKESMAN HERE YESTERDAY ACKNOWLEDGED THAT THE STATE DEPARTMENT HAD RECEIVED THE CALL. BUT HE ADDED THAT THE STATE DEPARTMENT HAD THEN ASKED CANADA TO FORWARD THE CHANGED TEXT IN WRITING THROUGH CHANNELS TO WASHINGTON. (MR. SHARP AGREED YESTERDAY THAT THE UNITED STATES COULD NOT ACCEPT THE CHANGE AS OFFICIAL UNTIL A WRITTEN VERISION WAS RECEIVED.)

"THE DEPARTMENT OF ENERGY, MINES AND RESOURCES DRAFTED A LETTER DATED JULY 10 DESCRIBING THE CHANGE AND SENT THE LETTER BY MAIL TO THE U.S. EMBASSY IN OTTAWA, WHICH RECEIVED IT JULY 11.

"THE TEXT OF THE LETTER WAS MAILED BY THE U.S. EMBASSY TO THE STATE DEPARTMENT IN WASHINGTON LATER IN THE WEEK, AND A FOLLOW-UP CABLE WAS SENT JULY 16.

"THE STATE DEPARTMENT ACKNOWLEDGED RECEIPT OF THE MATERIAL, WHICH WAS FORWARDED THE SAME DAY TO UNCLASSIFIED

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COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES STUDYING THE TAPS PROPOSAL.

THUS, IT TOOK AT LEAST 10 DAYS FOR THE CANADIAN POSITION ON OWNDERSHIP AND CONTROL OF ANY MACKENZIE VALLEY OIL PIPELINE TO GET FROM THE CANADIAN GOVERNMENT TO THE U.S. CONGRESS.

"ANOTHER 10 DAYS HAD ELAPSED BETWEEN THE TIME THE FIRST SET OF ANSWERS WAS SENT BY CANADA UNTL THE CHANGED VERISION WAS FIRST MADE PUBLIC IN OTTAWA.

"ONE SENIOR ENERGY DEPARTMENT OFFICIAL CONNECTED

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WITH PREPARING THE CANADIAN ANSWERS SAID HE DIDN'T THINK CANADIAN OFFICIALS 'WOULD HAVE SAT AROUND FOR FOUR DAYS (BETWEEN JULY 6 AND JULY 10, THE DAY THE LETTER TO THE U.S. EMBASSY WAS DRAFTED) UNLESS WE HAD THOUGHT WE HAD ACCOMPLISHED THE TASK OF INFORMING THE U.S. ABOUT THE CHANGE THE FIRST TIME'--REFERRING TO THE CALL TO THE STATE DEPARTMENT FROM THE CANADIAN EMBASSY IN WASHINGTON.

"U.S. SENATORS, INCLUDING WALTER MONDALE OF MINNESOTA, HAVE SUGGESTED THAT THIS DELAY AND OTHER INCIDENTS RESULTED IN CANADA'S OFFICIAL POSITION ON A POSSIBLE MACKENZIE VALLEY OIL PIPELINE BEING SERIOUSLY DELAYED AND DISTORTED.

"SENATOR MONDALE BLAMED THE STATE DEPARTMENT FOR THE DELAYS AND DISTORTIONS.

"CHARGES THAT CONGRESS WAS MISINFORMED BY THE STATE DEPARTMENT HAVE SPARKED A SPECIAL SENATE COMMITTEE HEARING NEXT WEEK IN WASHINGTON. THEY ALSO LED TO A HEATED DEBATE YESTERDAY IN THE COMMONS.

"CONSERVATIVE LEADER ROBERT STANFIELD, REFERRING TO ALLEGED INACCURATE REPORTS GIVEN CONGRESS ON CANADIAN OPPOSITION TO THE ALASKA ROUTE, SOUGHT COMMONS APPROVAL TO SEND AN ALL-PARTY DELEGATION TO WASHINGTON TO PUT CANADA'S POSITION CLEARLY BEFORE THE UNCLASSIFIED

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U.. LEGISLATORS.

"HIS MOTION REQUIRED UNANIMOUS CONSENT AND A LONE, UNIDENTIFIED LIBERAL SAID NO, WIPING OUT OF THE MOTION.

"LATER PRIME MINISTER PIERRE TRUDEAU SAID NOTHING WOULD BE GAINED 'FROM A BUNCH OF PARLIAMENTARIANS LANDING IN WASHINGTON WITHOUT AN INVITATION TO START LOBBYING THE AMERICAN CONGRESS.'

"CNADIANS WOULD RESENT AMERICANS DOING SUCH A THING IN OTTAWA, HE SAID. BESIDES, THE CANADIAN VIEW HAD BEENPUT BEFORE CONGRESS IN THE SERIES OF QUESTIONS AND ANSWERS SUPPLIED BY THE ENERGY DEPARTMENT AT THE REQUEST OF THE STATE DEPARTMENT.

"THE PRIME MINISTER SAID HE ALSO HAD PUT THE CANADIAN VIEWPOINT TO PRESIDENT RICHARD NIXON DURING THE PRESIDENT'S VISIT HERE LAST YEAR.

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"OUTSIDE THE COMMONS, MR. TRUDEAU TOLD REPORTERS THAT CANADA WILL CONTINUE TO PRESS ITS ARGUMENTS AGAINST THE ALASKA PIPELINE ROUTE BECAUSE OF THE ATTENDANT POLLUTION HAZARD FROM CONNECTING OIL TANKERS OFF THE WEST COAST.

"IN THE HOUSE, ENERGY MINISTER MACDONALD SAID A PRIORITY NOW WOULD BE TO GET THE MAXIMUM PROTECTION POSSIBLE FOR THE B.C. LOWER MAINLAND.

"THERE WAS THE POSSIBILITY OF USING THE TRANS MOUNTAIN PIPELINE ROUTE THROUGH CANADA TO SUPPLY A REFINERY AT CHERRY POINT, WASH., HE SAID.

"THE ALASKA PIPELINE WOULD CARRY ON FROM THE NORTH SLOPE OF THAT STATE TO VALDEZ ON THE SOUTH COAST. FROM THERE THE OIL WOULD BE CARRIED BY TANKER TO THE CHERRY POINT REFINERY."
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PIPELINES
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730723/aaaaaqqw.tel
Line Count: 349
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
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Reference: n/a
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